



Tipco 011/2020

Management Discussion and Analysis Tipco Foods Public Company Limited**For the Three-month and Six-month Period ended June 30, 2020****1. Consolidated statement of comprehensive income ended June 30, 2020**

Unit : Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2020	Q2 2019	Increase (Decrease)	%	For the six-month 2020	For the six-month 2019	Increase (Decrease)	%
Sales	629,534	979,962	(350,428)	(36%)	1,394,651	1,918,819	(524,168)	(27%)
Other income	19,030	55,638	(36,608)	(66%)	47,734	79,375	(31,641)	(40%)
Total revenues	648,564	1,035,600	(387,036)	(37%)	1,442,385	1,998,194	(555,809)	(28%)
Total expenses	729,932	1,192,377	(462,445)	(39%)	1,617,541	2,208,538	(590,997)	(27%)
Loss before share of profit (loss) from investment in associate, finance cost and income tax expenses	(81,368)	(156,777)	75,409	48%	(175,156)	(210,344)	35,188	17%
Share of profit (loss) from investment in associate	402,392	247,095	155,297	63%	213,895	415,658	(201,763)	(49%)
Profit (loss) before finance cost and income tax expenses	321,024	90,318	230,706	255%	38,739	205,314	(166,575)	(81%)
Finance cost	(13,049)	(18,678)	(5,629)	(30%)	(28,456)	(35,101)	(6,645)	(19%)
Profit (loss) before income tax expenses	307,975	71,640	236,335	330%	10,283	170,213	(159,930)	(94%)
Income tax benefit (expenses)	9,778	1,794	(7,984)	(645%)	13,000	392	(12,608)	(3,416%)
Profit (loss) for the period	317,753	73,434	244,319	333%	23,283	170,605	(147,322)	(86%)

1.1 Sales and service income

Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q2 2020	Q2 2019	Increase (Decrease)	%	Q2 2020	Q2 2019	Increase (Decrease)	%	Q2 2020	Q2 2019	Increase (Decrease)	%	Q2 2020	Q2 2019	Increase (Decrease)	%
Sales	135	429	(294)	(69%)	488	541	(53)	(10%)	7	10	(3)	(30%)	630	980	(350)	(36%)

In the 2nd quarter of 2020, the Company and its subsidiaries reported Sales of Baht 630 million, decreased by 36% compared to the same period of last year. This was mainly due to Product of vegetable and fruit business, which saw a 69% drop in sales from the lower export volume from the lack of raw materials due to drought conditions and the demand for goods abroad decelerated from the coronavirus situation 2019 (COVID-19). Beverage business saw a 10% drop in sales revenue, mainly due to a slowdown in domestic purchasing power affected by COVID-19. However, the company still hold the number 1 market share in the premium fruit juice market.

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Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the six-month	For the six-month	Increase	%	For the six-month	For the six-month	Increase	%	For the six-month	For the six-month	Increase	%	For the six-month	For the six-month	Increase	%
	2020	2019	(Decrease)		2020	2019	(Decrease)		2020	2019	(Decrease)		2020	2019	(Decrease)	
Sales	396	820	(424)	(52%)	988	1,077	(89)	(8%)	11	22	(11)	(50%)	1,395	1,919	(524)	(27%)

For the six-month period, the Company and its subsidiaries reported Sale and service income of Baht 1,395 million, decreased by 27% from the same period last year, this was mainly due to the drop in sales of fruit and vegetable products business due to the lack of raw materials and beverage business from the situation of COVID-19.

1.2 Operating Expense

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2020	Q2 2019	Increase	%	For the six-month	For the six-month	Increase	%
			(Decrease)		2020	2019	(Decrease)	
Cost of sales	548,421	929,648	(381,227)	(41%)	1,175,450	1,752,674	(577,224)	(33%)
Selling and distribution expenses	69,156	125,594	(56,438)	(45%)	160,150	227,884	(67,734)	(30%)
Administrative expenses	109,405	124,867	(15,462)	(12%)	245,956	215,712	30,244	14%
Other expenses	2,950	12,268	(9,318)	(76%)	35,985	12,268	23,717	(193%)
Total expenses	729,932	1,192,377	(462,445)	(39%)	1,617,541	2,208,538	(590,997)	(27%)

In the 2nd quarter of 2020, the Company and its subsidiaries reported total operating expense of Baht 730 million decreased by 39% compared to the same period of last year, which can be explained as follows

- Cost of sales decreased by 41%, in line with decreasing in sales volume due to the shortage of raw materials.
- Selling and distribution expenses decreased by 45% from adjusting sales and promotion expenses in accordance with market conditions.
- A decreasing in administrative expenses by 12% from controlling expenses in accordance with a decrease in sales income.
- Other expenses were reversal of allowance for Loss on exchange of Baht 3 million due to the Baht appreciation.

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For the six-month, the Company and its subsidiaries reported total Operating Expense of Baht 1,618 million decreased by 27% compared to the same period last year, mainly due to the following reasons

- Cost of sales decreased by 33%, in line with decreasing in sales volume.
- Selling and distribution expenses decreased by 30% from controlling expenses in accordance with a decrease in sales income.
- An increasing in administrative expenses by 14% mainly impacted from adjusting the calculation of depreciation for assets and additional expenses on production in the product of vegetable and fruit due to the shortage of raw materials in the 1st quarter.
- Other expenses were reversal of allowance for Loss on changes in fair value of biological assets amount Baht 2 million and Loss on exchange of Baht 34 million due to the Baht appreciation.

1.3 Share of profit from investment in associate

In the 2nd quarter of 2020, the Company reported share of loss from investment in associate of Baht 402 million increased by 63% compare to the same period of last year. For the six-month, the Company and its subsidiaries reported share of loss from investment in associate of Baht 214 million decreased by 49% compare to the same period of last year.

1.4 Finance cost

In the 2nd quarter of 2020, the Company and its subsidiaries reported Finance cost of Baht 13 million. For the six-month, the Company and its subsidiaries reported Finance cost of Baht 28 million decreased from the previous year by 19% compare to the same period of last year.



2. Consolidated statement of financial position as at 30 June 2020

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Jun-20	31-Dec-19	Increase (Decrease)	%
Assets				
Current assets	1,113,250	1,256,513	(143,263)	(11%)
Non-current assets	5,210,630	5,412,490	(201,860)	(4%)
Total assets	6,323,880	6,669,003	(345,123)	(5%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,577,642	1,844,008	(266,366)	(14%)
Non-current liabilities	821,761	918,201	(96,440)	(11%)
Total liabilities	2,399,403	2,762,209	(362,806)	(13%)
Shareholders' equity				
Total shareholders' equity	3,924,477	3,906,794	17,683	0%
Total liabilities and shareholders' equity	6,323,880	6,669,003	(345,123)	(5%)

2.1 Asset

As of June 30, 2020, the Company and its subsidiaries had total assets of Baht 6,324 million, a decrease of 5% from the end of 2019. Current assets decreased by Baht 143 million mainly due to the decrease in accounts receivable. While non-current assets decreased by Baht 202 million or 4% due to the decrease in Investment in associate.

2.2 Liabilities

As of June 30, 2020, the Company and its subsidiaries had total liabilities of Baht 2,399 million, a decrease of 13% from the end of 2019, with the main changes from current liabilities decreased by Baht 266 million or 14% due to the decrease in short-term loans and trade and other payables. Non-current liabilities decreased by Baht 96 million or 11% due to a decrease in long-term loan.

2.3 Shareholders' equity

As of June 30, 2020, Total Shareholders' Equity of the Company and its subsidiaries was Baht 3,924 million increased by 0.5% from the end of 2019, mainly due to an increase in unappropriated retained earnings.

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3. Consolidated cash flow statement for the 6-month period ended June 30, 2020

Unit : Thousand Baht

Cash flow statement	Consolidated 30-Jun-20
Cash flows from operating activities	
Net cash flows from operating activities	64,441
Cash flows from investing activities	
Net cash flows from investing activities	356,930
Cash flows from financing activities	
Net cash flows used in financing activities	(414,459)
Net increase in cash and cash equivalents	6,912
Cash and cash equivalents at beginning of period	41,336
Cash and cash equivalents at end of period	48,248

As of June 30, 2020, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 7 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 64 million. Net cash flow from investing activities was Baht 357 million, mainly from dividend received from associate. Net cash flow used in financing activities of Baht 414 million from repayment of short-term loan and long-term loans from financial institutions and dividend paid.

4. Financial Ratio from consolidated financial statement for the ended June 30, 2020

Profitability ratios	Consolidated financial statements		Changes
	For the six-month	For the six-month	
	2020	2019	
Gross Profit Margin	16%	9%	7%
EBITDA Margin	16%	17%	(1%)
Net Profit Margin	2%	9%	(7%)
Return on Equity	1%	4%	(4%)
The Capacity to pay and liquidity ratios	30-Jun-20	31-Dec-19	Changes
Debt to equity ratio (Times)	0.61	0.71	(0.10)
Liquidity ratio (Times)	0.71	0.68	0.02

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